

compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. There is no provision for any borrowing in the cash flows;
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was paying much attention to managing this aspect of its finances, and consequently all of its obligations are cash-backed.
5. Significant assistance is being given to the indigent households.

EC136 Emalahleni (Ec) - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Revenue - Standard									
<i>Municipal governance and administration</i>	38 052	53 239	57 546	74 117	51 048	51 048	77 955	84 189	91 109
Executive and council	1 861	1 892	1 150	2 394	10 887	10 887	2 528	2 674	-
Mayor and Council	1 861	1 892	1 150	2 394	5 053	5 053	2 528	2 674	-
Municipal Manager	-	-	-	-	5 834	5 834	-	-	-
Budget and treasury office	36 150	51 271	56 316	71 712	30 258	30 258	75 415	81 503	91 096
Corporate services	42	77	81	11	9 904	9 904	12	12	13
Human Resources	42	77	81	11	9 904	9 904	12	12	13
<i>Community and public safety</i>	4 513	2 427	797	1 252	7 875	7 875	2 256	2 460	2 637
Community and social services	1 123	812	728	1 252	6 641	6 641	1 332	1 398	1 468
Libraries and Archives	211	221	3	-	517	517	521	536	546
Community halls and Facilities	438	205	123	-	874	874	185	197	211
Cemeteries & Crematoriums	27	30	28	-	366	366	38	41	44
Other Community	447	357	573	1 252	4 883	4 883	588	624	668
Other Social	-	-	-	-	-	-	-	-	-
Sport and recreation	7	4	3	-	402	402	8	9	9
Public safety	0	1 510	66	-	832	832	916	1 053	1 159
Street Lighting	0	1 510	66	-	832	832	916	1 053	1 159
Other	-	-	-	-	-	-	-	-	-
Housing	3 382	102	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	13 395	29 901	82	3 279	10 955	10 955	25 411	31 626	37 287
Planning and development	4 075	1 347	1	1 000	7 095	7 095	403	4 503	8 565
Economic Development/Planning	4 075	1 347	1	1 000	7 095	7 095	403	4 503	8 565
Town Planning/Building enforcement	-	-	-	-	-	-	-	-	-
Licensing & Regulation	-	-	-	-	-	-	-	-	-
Road transport	9 320	28 554	81	2 279	3 860	3 860	25 008	27 123	28 723
Roads	8 140	26 869	57	322	3 814	3 814	25 008	24 949	26 396
Vehicle Licensing and Testing	1 180	1 685	24	1 957	46	46	-	2 174	2 326
Other	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	7 450	6 061	42 342	36 361	55 720	55 720	41 032	39 514	40 438
Electricity	4 278	3 482	5 041	4 655	14 844	14 844	8 749	12 539	11 144
Electricity Distribution	4 278	3 482	5 041	4 655	14 844	14 844	8 749	12 539	11 144
Electricity Generation	-	-	-	-	-	-	-	-	-
Water	-	-	34 198	15 759	20 562	20 562	26 593	20 922	22 817
Water Distribution	-	-	34 198	15 759	20 562	20 562	26 593	20 922	22 817
Water Storage	-	-	-	-	-	-	-	-	-
Waste water management	(0)	-	(440)	12 982	16 311	16 311	2 636	2 804	3 001
Sewerage	(0)	-	(440)	12 982	16 311	16 311	2 636	2 804	3 001
Storm Water Management	-	-	-	-	-	-	-	-	-
Public Toilets	-	-	-	-	-	-	-	-	-
Waste management	3 171	2 579	3 543	2 965	4 003	4 003	3 054	3 249	3 476
Solid Waste	3 171	2 579	3 543	2 965	4 003	4 003	3 054	3 249	3 476
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	63 410	91 629	100 767	115 010	125 598	125 598	146 654	157 789	171 470

EC136 Emalahleni (Ec) - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure - Standard									
<i>Municipal governance and administration</i>	20 681	21 206	43 085	45 036	41 730	41 730	46 693	49 669	54 116
Executive and council	10 428	(5 167)	16 131	20 884	21 027	21 027	23 219	24 309	26 275
Mayor and Council	8 683	(7 703)	11 553	14 910	16 038	16 038	17 034	18 168	19 132
Municipal Manager	1 745	2 535	4 578	5 975	4 989	4 989	6 185	6 141	7 143
Budget and treasury office	3 213	18 993	16 995	15 045	10 332	10 332	12 213	13 275	14 506
Corporate services	7 040	7 381	9 959	9 106	10 371	10 371	11 261	12 285	13 335
Human Resources	7 040	7 381	9 959	9 106	10 371	10 371	11 261	12 285	13 335
<i>Community and public safety</i>	8 626	3 959	6 098	11 568	8 395	8 395	21 376	24 393	27 986
Community and social services	3 580	2 631	4 337	10 186	5 788	5 788	8 508	9 056	9 861
Libraries and Archives	210	246	280	-	294	294	323	353	386
Community halls and Facilities	702	375	616	-	567	567	1 620	1 743	1 883
Cemeteries & Crematoriums	121	47	205	-	242	242	469	508	552
Other Community	2 546	1 962	3 236	10 186	4 685	4 685	6 096	6 451	7 039
Sport and recreation	146	144	217	355	798	798	322	951	1 084
Public safety	396	362	314	-	658	658	11 087	12 789	15 289
Street Lighting	396	362	314	-	658	658	11 087	12 789	15 289
Housing	4 504	822	1 230	1 027	1 151	1 151	1 459	1 597	1 751
<i>Economic and environmental services</i>	9 482	8 962	10 955	37 795	25 983	25 983	17 710	16 400	17 693
Planning and development	4 876	3 097	3 645	7 054	7 840	7 840	8 241	5 919	6 404
Economic Development/Planning	4 876	3 097	3 645	7 054	7 840	7 840	8 241	5 919	6 404
Town Planning/Building	-	-	-	-	-	-	-	-	-
Road transport	4 607	5 865	7 310	30 741	18 142	18 142	9 469	10 482	11 290
Roads	3 325	4 499	7 256	29 477	16 860	16 860	9 441	9 047	9 753
Vehicle Licensing and Testing	1 281	1 366	54	1 264	1 283	1 283	28	1 435	1 536
<i>Trading services</i>	6 833	8 398	15 927	54 273	37 061	37 061	34 725	33 337	36 040
Electricity	4 892	5 620	12 578	16 467	15 479	15 479	2 571	3 318	3 621
Electricity Distribution	4 892	5 620	12 578	16 467	15 479	15 479	2 571	3 318	3 621
Water	0	(0)	-	18 559	11 959	11 959	18 266	15 146	16 337
Water Distribution	0	(0)	-	18 559	11 959	11 959	18 266	15 146	16 337
Waste water management	-	-	-	15 264	6 285	6 285	10 598	11 338	12 188
Sewerage	-	-	-	15 264	6 285	6 285	10 598	11 338	12 188
Waste management	1 942	2 778	3 349	3 983	3 338	3 338	3 289	3 536	3 893
Solid Waste	1 942	2 778	3 349	3 983	3 338	3 338	3 289	3 536	3 893
Total Expenditure - Standard	45 623	42 526	76 066	148 672	113 169	113 169	120 504	123 999	135 835

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for any of the trading services. As already noted above, the municipality will be undertaking a detailed study of these functions.

to explore ways of improving efficiencies and provide a basis for re-evaluating these functions' tariff structures.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

EC136 Emalahleni (Ec) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A									
Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
Revenue by Vote									
Vote 1 - Council	1 861	1 892	1 150	2 394	5 053	5 053	2 528	2 674	-
1.1 - Council	1 861	1 892	1 150	2 394	5 053	5 053	2 528	2 674	-
Vote 2 - Executive	-	-	-	-	5 834	5 834	-	-	-
2.1 - Municipal Manager	-	-	-	-	5 834	5 834	-	-	-
Vote 3 - Corporate Services	42	77	81	11	9 904	9 904	12	12	13
3.1 - Human Resources	42	77	81	11	9 904	9 904	12	12	13
Vote 4 - Budget and Treasury	36 150	51 271	56 316	71 712	30 258	30 258	75 415	81 503	91 098
4.1 - Financial Services	33 908	48 060	53 576	66 617	25 980	25 980	72 235	78 111	87 466
4.2 - Assessment Rates	2 241	3 211	2 739	5 096	4 278	4 278	3 180	3 392	3 629
Vote 5 - IPED	4 075	1 347	1	1 000	7 095	7 095	403	4 503	8 565
5.1 - IPED	4 075	1 347	1	1 000	7 095	7 095	403	4 503	8 565
Vote 6 - Community Services	1 130	816	731	1 252	7 043	7 043	1 340	1 407	1 478
6.1 - Community Services Admin	-	-	37	1 252	1 763	1 763	-	-	-
6.2 - Parks and Public Open Spaces	-	-	-	-	343	343	-	-	-
6.3 - Cemeteries	27	30	28	-	366	366	38	41	44
6.4 - Community and Town Halls	438	205	123	-	874	874	185	197	211
6.5 - Libraries	211	221	3	-	517	517	521	536	546
6.6 - Sport Fields	7	4	3	-	402	402	8	9	9
6.7 - Resorts	163	179	107	-	288	288	267	284	304
6.8 - Admin Buildings	72	(0)	-	-	1 653	1 653	1	1	2
6.9 - Commonage	212	179	430	-	836	836	319	338	362
Vote 7 - Water And Sanitation	(0)	-	33 758	28 741	36 873	36 873	29 229	23 727	25 817
7.1 - Sanitation	(0)	-	(440)	12 982	16 311	16 311	2 635	2 804	3 001
7.2 - Water	-	-	34 198	15 759	20 562	20 562	26 593	20 922	22 817
Vote 8 - Refuse	3 171	2 579	3 543	2 965	4 003	4 003	3 054	3 249	3 476
8.1 - Refuse	3 171	2 579	3 543	2 965	4 003	4 003	3 054	3 249	3 476
Vote 9 - Roads Transport	9 320	28 554	81	2 279	3 860	3 860	25 008	27 123	28 723
9.1 - Licencing and Registration	1 180	1 685	24	1 957	46	46	-	2 174	2 326
9.2 - Roads and Storm Water	8 016	26 762	0	-	1 625	1 625	23 503	23 361	24 712
9.3 - Technical Services Admin	124	107	57	322	2 189	2 189	1 505	1 588	1 684
Vote 10 - Electricity	4 278	4 992	5 107	4 655	15 676	15 676	9 665	13 592	12 303
10.1 - Streetlights	0	1 510	66	-	832	832	916	1 053	1 159
10.2 - Electricity Trading Services	4 278	3 482	5 041	4 655	14 844	14 844	8 749	12 539	11 144
Vote 11 - Housing Services	3 382	102	-	-	-	-	-	-	-
11.1 - Housing	3 382	102	-	-	-	-	-	-	-
Total Revenue by Vote	63 410	91 629	100 767	115 010	125 598	125 598	146 654	157 789	171 470

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure by Vote									
Vote 1 - Council	8 683	(7 703)	11 553	14 910	16 038	16 038	17 034	18 168	19 132
1.1 - Council	8 683	(7 703)	11 553	14 910	16 038	16 038	17 034	18 168	19 132
Vote 2 - Executive	1 745	2 535	4 578	5 975	4 989	4 989	6 185	6 141	7 143
2.1 - Municipal Manager	1 745	2 535	4 578	5 975	4 989	4 989	6 185	6 141	7 143
Vote 3 - Corporate Services	7 040	7 381	9 959	9 106	10 371	10 371	11 261	12 285	13 335
3.1 - Human Resources	7 040	7 381	9 959	9 106	10 371	10 371	11 261	12 285	13 335
Vote 4 - Budget and Treasury	3 213	18 993	16 995	15 045	10 332	10 332	12 213	13 275	14 506
4.1 - Financial Services	3 213	18 993	16 995	11 017	9 832	9 832	11 583	12 620	13 805
4.2 - Assessment Rates	-	-	-	4 028	500	500	630	655	701
Vote 5 - IPED	4 876	3 097	3 645	7 054	7 840	7 840	8 241	5 919	6 404
5.1 - IPED	4 876	3 097	3 645	7 054	7 840	7 840	8 241	5 919	6 404
Vote 6 - Community Services	3 726	2 775	4 554	10 541	6 586	6 586	8 830	10 007	10 946
6.1 - Community Services Admin	817	617	1 375	10 186	1 839	1 839	2 116	2 680	2 931
6.2 - Parks and Public Open Spaces	71	85	217	-	221	221	505	546	592
6.3 - Cemeteries	121	47	205	-	242	242	469	508	552
6.4 - Community and Town Halls	702	375	616	-	567	567	1 620	1 743	1 883
6.5 - Libraries	210	246	280	-	294	294	323	353	386
6.6 - Sport Fields	146	144	217	355	798	798	322	951	1 084
6.7 - Resorts	57	139	156	-	279	279	676	727	786
6.8 - Admin Buildings	1 571	1 119	1 043	-	1 682	1 682	1 779	1 356	1 463
6.9 - Commonage	31	2	444	-	664	664	1 021	1 162	1 288
Vote 7 - Water And Sanitation	0	(0)	-	33 823	18 244	18 244	28 865	26 483	28 526
7.1 - Sanitation	-	-	-	15 264	6 285	6 285	10 598	11 338	12 188
7.2 - Water	0	(0)	-	18 559	11 959	11 959	18 266	15 146	16 337
Vote 8 - Refuse	1 942	2 778	3 349	3 983	3 338	3 338	3 289	3 536	3 893
8.1 - Refuse	1 942	2 778	3 349	3 983	3 338	3 338	3 289	3 536	3 893
Vote 9 - Roads Transport	4 607	5 865	7 310	30 741	18 142	18 142	9 469	10 482	11 290
9.1 - Licencing and Registration	1 281	1 366	54	1 264	1 283	1 283	28	1 435	1 536
9.2 - Roads and Storm Water	1 234	2 093	3 156	29 477	14 928	14 928	5 746	5 086	5 488
9.3 - Technical Services Admin	2 091	2 406	4 101	-	1 932	1 932	3 695	3 959	4 265
Vote 10 - Electricity	5 287	5 982	12 892	16 467	16 137	16 137	13 658	16 107	18 910
10.1 - Streetlights	396	362	314	-	658	658	11 087	12 789	15 289
10.2 - Electricity Trading Services	4 892	5 620	12 578	16 467	15 479	15 479	2 571	3 318	3 621
Vote 11 - Housing Services	4 504	822	1 230	1 027	1 151	1 151	1 459	1 597	1 751
11.1 - Housing	4 504	822	1 230	1 027	1 151	1 151	1 459	1 597	1 751
Total Expenditure by Vote	45 623	42 526	76 066	148 672	113 169	113 169	120 504	123 999	135 835

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.

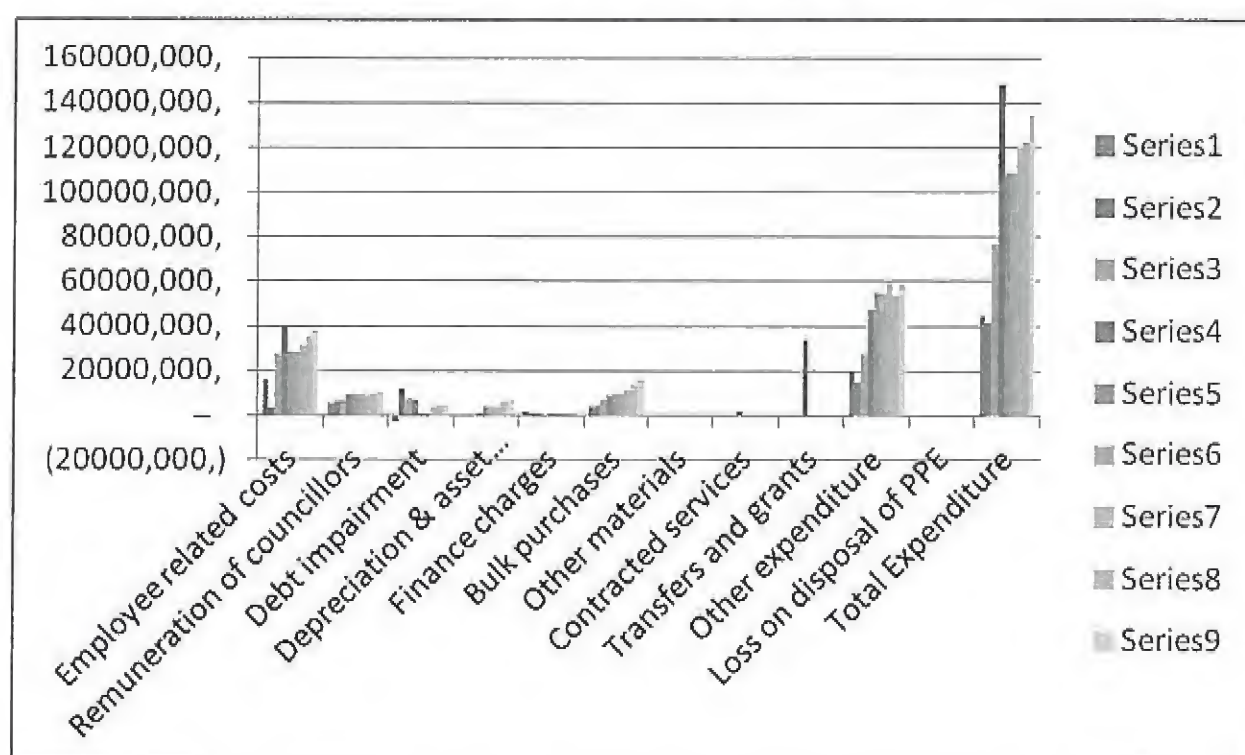
EC136 Emalahleni (Ec) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	1 951	3 085	1 772	4 763	2 473	2 473	2 473	2 580	2 860	3 060
Property rates - penalties & collection charges		-	-	-	332	-	-	-	-	-	-
Service charges - electricity revenue	2	2 797	3 311	4 982	4 604	5 078	5 078	5 076	5 634	6 559	7 268
Service charges - water revenue	2	-	-	(7)	2 679	3 679	3 679	3 679	2 818	1 563	1 672
Service charges - sanitation revenue	2	-	-	(440)	3 054	3 730	3 730	3 730	431	459	491
Service charges - refuse revenue	2	2 241	2 376	2 384	2 888	2 690	2 690	2 690	2 764	2 941	3 147
Service charges - other		-	-	-	-	5	5	5	5	6	8
Rental of facilities and equipment		509	431	656	815	803	803	803	858	905	968
Interest earned - external investments		3 910	2 387	1 830	2 592	1 265	1 265	1 265	14	14	15
Interest earned - outstanding debtors		1 367	365	2 284	878	3 979	3 979	3 979	2 495	1 509	1 815
Dividends received		10	-	-	-	-	-	-	-	-	-
Fines		1	3	0	11	-	-	-	0	13	14
Licences and permits		-	-	-	1 784	-	-	-	-	-	-
Agency services		186	362	48	25 006	14 713	14 713	14 713	26 859	20 275	22 124
Transfers recognised - operating		41 159	46 465	87 337	65 429	82 529	82 529	82 529	75 541	87 875	98 757
Other revenue	2	178	5 410	558	313	(1 080)	(1 080)	(1 080)	344	981	1 049
Gains on disposal of PPE		-	-	-	84	-	-	-	68	72	77
Total Revenue (excluding capital transfers and contributions)		54 319	64 174	101 382	115 010	119 860	119 860	119 860	120 508	126 030	140 263
Expenditure By Type											
Employee related costs	2	15 859	3 194	27 500	39 469	31 561	31 561	31 561	31 571	34 728	38 201
Remuneration of councillors		5 742	5 934	8 778	8 791	9 409	9 409	9 409	9 257	9 813	10 401
Debt impairment	3	(2 785)	12 360	7 792	6 711	799	799	799	3 801	4 549	4 867
Depreciation & asset impairment	2	-	-	-	679	4 200	4 200	4 200	3 842	5 971	6 671
Finance charges		1 477	47	21	-	28	28	26	133	138	148
Bulk purchases	2	4 114	5 062	7 291	9 179	10 200	10 200	10 200	11 381	13 237	15 789
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	1 568	-	-	-	-	-	-
Transfers and grants		-	-	-	34 507	-	-	-	-	-	-
Other expenditure	4, 5	20 141	14 945	27 301	47 767	55 717	55 717	55 717	60 720	54 187	58 283
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		44 548	41 542	76 681	148 671	111 911	111 911	111 911	120 504	122 602	134 340
Surplus/(Deficit)											
Transfers recognised - capital	6	9 771	22 632	24 701	(33 661)	7 949	7 948	7 948	4	3 428	5 923
Contributions recognised - capital		8 016	26 470	0	31 217	4 480	4 480	4 480	28 145	30 361	29 712
Contributed assets		-	-	-	(2 028)	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		17 787	49 103	24 701	(4 470)	12 429	12 429	12 429	26 150	33 789	35 836
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		17 787	49 103	24 701	(4 470)	12 429	12 429	12 429	26 150	33 789	35 836
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		17 787	49 103	24 701	(4 470)	12 429	12 429	12 429	26 150	33 789	35 836
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		17 787	49 103	24 701	(4 470)	12 429	12 429	12 429	26 150	33 789	35 836

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue, excluding capital transfers, is R120 508 million in 2012/13 and escalates to R140 263 million by 2014/15. This represents a year-on-year increase of 11.2 per cent for the 2012/13 and year-on-year increases of 4.5 per cent for the 2013/14 financial year and 11.2 per cent for the 2014/15 financial year.

2. Revenue to be generated from property rates is R2 680 million in the 2012/13 financial year and increases to R3 060 million by 2014/15 which represents only 2.2 per cent of the operating revenue base (excluding capital transfers) of the Municipality and therefore does not remain a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.4 per cent, 6 per cent and 6, per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R11 653 million for the 2012/13 financial year and increasing to R12 583 million by 2014/15. For the 2012/13 financial year services charges amount to 9.6 per cent of the total revenue base and stays relatively constant over the MTREF period.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Transfers are fluctuating according to grants provided for by the respective governments.
5. The following graph illustrates the major expenditure items per type.



Expenditure by major type

6. Bulk purchases have significantly increased over the 2008/09 to 2012/13 period escalating from R4 114 million to R11 381 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs, depreciation, operating grant expenditure and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

BRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC136 Emalahleni (Ec) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	450	-	-	-	-	-	-
Vote 4 - Budget and Treasury		793	1 810	-	640	-	-	-	-	-	-
Vote 5 - IPED		-	20	-	20	-	-	-	-	-	-
Vote 6 - Community Services		1 186	3 353	-	557	-	-	-	-	-	-
Vote 7 - Water And Sanitation		-	4 650	-	5 082	-	-	-	-	-	-
Vote 8 - Refuse		7 160	750	-	350	-	-	-	2 000	5 000	-
Vote 9 - Roads Transport		8 418	14 667	-	21 665	-	-	-	1 995	2 499	-
Vote 10 - Electricity		-	810	-	4 480	-	-	-	-	-	-
Vote 11 - Housing Services		-	1 015	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	17 557	27 075	-	33 244	-	-	-	3 995	7 499	-
Single-year expenditure to be appropriated	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive		-	-	-	-	-	-	-	180	170	185
Vote 3 - Corporate Services		-	-	-	-	180	180	180	150	140	120
Vote 4 - Budget and Treasury		-	-	-	-	730	730	730	900	810	740
Vote 5 - IPED		-	-	-	-	-	-	-	1 275	75	80
Vote 6 - Community Services		-	-	-	-	61	61	61	6 550	140	120
Vote 7 - Water And Sanitation		-	-	-	-	-	-	-	-	-	-
Vote 8 - Refuse		-	-	-	-	550	550	550	-	-	-
Vote 9 - Roads Transport		-	-	-	-	-	-	-	10 900	16 003	24 832
Vote 10 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 11 - Housing Services		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	1 521	1 521	1 521	19 955	17 338	26 057
Total Capital Expenditure - Vote		17 557	27 075	-	33 244	1 521	1 521	1 521	23 950	24 836	26 057
Capital Expenditure - Standard											
Governance and administration		793	1 810	-	1 090	910	910	910	1 230	1 120	1 045
Executive and council		-	-	-	-	-	-	-	180	170	185
Budget and treasury office		793	1 810	-	640	730	730	730	900	810	740
Corporate services		-	-	-	450	180	180	180	150	140	120
Community and public safety		1 186	4 368	-	557	61	61	61	6 550	140	120
Community and social services		1 186	2 267	-	31	61	61	61	2 850	140	120
Sport and recreation		-	822	-	370	-	-	-	3 700	-	-
Public safety		-	264	-	156	-	-	-	-	-	-
Housing		-	1 015	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		8 418	14 667	-	21 665	-	-	-	14 170	18 576	24 892
Planning and development		-	20	-	20	-	-	-	1 275	75	80
Road transport		8 418	14 667	-	21 665	-	-	-	12 895	18 501	24 832
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		7 160	6 210	-	9 912	550	550	550	2 000	5 000	-
Electricity		-	810	-	4 480	-	-	-	-	-	-
Water		-	4 650	-	2 600	-	-	-	-	-	-
Waste water management		-	-	-	2 282	-	-	-	-	-	-
Waste management		7 160	750	-	350	550	550	550	2 000	5 000	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	17 557	27 076	-	33 244	1 521	1 521	1 521	23 950	24 836	26 057
Funded by:											
National Government		9 604	14 696	-	26 135	-	-	-	22 145	23 361	24 712
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	4 650	-	5 082	-	-	-	-	-	-
Other transfers and grants		-	968	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	9 604	20 314	-	31 217	-	-	-	22 145	23 361	24 712
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		7 953	6 762	-	2 027	1 521	1 521	1 521	1 805	1 475	1 345
Total Capital Funding	7	17 557	27 076	-	33 244	1 521	1 521	1 521	23 950	24 836	26 057

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
3. The capital program is funded from national grants and transfers and internally generated funds from current and prior year surpluses. and is listed above.

MBRR Table A6 - Budgeted Financial Position

EC136 Emalahleni (Ec) - Table A6 Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Current assets											
Cash		48 842	13 948	12 384	-	15 297	15 297	15 297	18 814	24 622	31 037
Call investment deposits	1	876	25 897	5 066	37 885	-	-	-	-	-	-
Consumer debtors	1	8 439	2 286	892	-	920	920	920	1 980	3 649	5 422
Other debtors		27 945	33 427	57 850	-	63 035	63 635	63 635	67 453	74 199	81 619
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	227	248	248	-	248	248	248	273	300	330
Total current assets		86 329	75 706	77 440	37 885	80 100	80 100	80 100	88 500	102 770	118 407
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	76 464	202 810	224 783	-	222 104	222 104	222 104	242 413	261 278	280 685
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		250	707	707	-	707	707	707	707	707	707
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		76 714	203 517	225 490	-	222 811	222 811	222 811	243 120	261 985	281 372
TOTAL ASSETS		163 043	279 223	302 931	37 885	302 911	302 911	302 911	331 620	364 755	399 779
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	75	104	96	-	-	-	-	-	-	-
Consumer deposits		38	35	35	-	37	37	37	40	43	46
Trade and other payables	4	26 108	19 544	18 491	-	13 200	13 200	13 200	15 540	14 681	13 819
Provisions		9 906	9 792	9 959	-	10 856	10 856	10 856	11 073	11 294	11 520
Total current liabilities		36 123	29 474	28 581	-	24 093	24 093	24 093	26 652	25 998	25 386
Non current liabilities											
Borrowing		199	96	-	-	-	-	-	-	-	-
Provisions		16 536	1 219	1 219	-	1 106	1 106	1 106	1 106	1 106	1 106
Total non current liabilities		16 736	1 314	1 219	-	1 106	1 106	1 106	1 106	1 106	1 106
TOTAL LIABILITIES		52 861	30 789	29 799	-	25 199	25 199	25 199	27 758	27 104	26 492
NET ASSETS	5	110 182	248 435	273 131	37 885	277 713	277 713	277 713	303 862	337 652	373 287
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		110 182	248 435	273 131	-	272 407	272 407	272 407	294 915	322 733	351 688
Reserves	4	-	-	-	-	5 306	5 306	5 306	8 948	14 919	21 589
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	110 182	248 435	273 131	-	277 713	277 713	277 713	303 862	337 652	373 287

Explanatory notes to Table A6 - Budgeted Financial Position

1. The Budgeted Financial Position is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This table is supported by an extensive table of notes (SA3 which can be found on later in this report providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves

- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

MBRR Table A7 - Budgeted Cash Flow Statement

EC136 Emalahleni (Ec) - Table A7 Budgeted Cash Flows

Description		Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other			3 944	13 205	(2 279)	21 919	26 294	26 294	26 294	37 533	28 127	30 606
Government - operating		1	41 159	43 065	84 468	80 435	89 814	89 814	89 814	75 541	87 875	98 757
Government - capital		1	8 016	26 470	-	31 217	4 480	4 480	4 480	26 145	30 361	29 712
Interest			3 910	2 752	4 114	2 592	6 287	6 287	6 287	2 508	1 524	1 830
Dividends			10	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(37 939)	31 460	(73 317)	(27 019)	(108 388)	(108 388)	(108 388)	(114 197)	(117 178)	(128 167)
Finance charges			(1 477)	(47)	(21)	-	(26)	(26)	(26)	(133)	(138)	(148)
Transfers and Grants		1	-	-	-	(121 652)	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			17 623	116 905	12 966	(2 508)	(1 539)	(1 539)	(1 539)	27 397	30 570	32 391
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			45	-	-	(64)	-	-	-	68	72	77
Decrease (increase) in non-current debtors			-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			(85)	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	-	-	-	-	-	-	-	-	-
Payments												
Capital assets			(10 662)	(126 803)	(34 157)	-	(1 521)	(1 521)	(1 521)	(23 950)	(24 836)	(26 057)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(10 701)	(126 803)	(34 157)	(64)	(1 521)	(1 521)	(1 521)	(23 883)	(24 765)	(25 981)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			-	-	-	-	3	3	3	2	3	3
Payments												
Repayment of borrowing			(84)	(75)	(104)	-	(98)	(98)	(98)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			(84)	(75)	(104)	-	(93)	(93)	(93)	2	3	3
NET INCREASE/ (DECREASE) IN CASH HELD			6 838	(9 973)	(21 295)	(2 572)	(3 153)	(3 153)	(3 153)	3 517	5 808	6 414
Cash/cash equivalents at the year begin:		2	42 879	49 718	39 745	40 457	18 450	18 450	18 450	15 297	18 814	24 622
Cash/cash equivalents at the year end:		2	49 718	39 745	18 450	37 885	15 297	15 297	15 297	18 814	24 622	31 037

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC136 Emalahleni (Ec) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	49 718	39 745	18 450	37 885	15 297	15 297	15 297	18 814	24 622	31 037
Other current investments > 90 days		0	0	0	-	-	-	-	-	-	-
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		49 718	39 745	18 450	37 885	15 297	15 297	15 297	18 814	24 622	31 037
Application of cash and investments											
Unspent conditional transfers		20 498	17 098	14 282	-	9 000	9 000	9 000	10 920	9 579	8 229
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(12 011)	(28 332)	15 158	-	(42 864)	(42 864)	(42 864)	(53 423)	(52 433)	(58 738)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	5 308	5 308	5 308	8 948	14 919	21 588
Total Application of cash and investments:		8 488	(11 234)	29 440	-	(28 558)	(28 558)	(28 558)	(33 556)	(27 936)	(28 917)
Surplus(shortfall)		41 230	50 979	(10 990)	37 885	43 855	43 855	43 855	52 370	52 558	59 954

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget..
3. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R18 814 million as at the end of the 2012/13 financial year and increase to R31 037 million by 2014/15.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

**MBRR Table A9 - Asset
Management**

EC136 Emalahleni (Ec) - Table A9 Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	17 557	27 076	-	33 244	1 521	1 521	23 950	24 836	26 057
Infrastructure - Road transport		8 418	14 547	-	21 655	-	-	11 950	15 863	24 712
Infrastructure - Electricity		-	400	-	4 480	-	-	-	-	-
Infrastructure - Water		7 160	510	-	2 500	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	882	-	-	-	-	-
Infrastructure - Other		-	-	-	350	-	-	3 995	7 499	-
Infrastructure		15 578	15 457	-	29 867	-	-	15 945	23 361	24 712
Community		1 186	550	-	406	-	-	6 400	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	793	11 069	-	2 971	1 471	1 471	1 455	1 305	1 175
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	50	50	150	170	170
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		8 418	14 547	-	21 655	-	-	11 950	15 863	24 712
Infrastructure - Electricity		-	400	-	4 480	-	-	-	-	-
Infrastructure - Water		7 160	510	-	2 500	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	882	-	-	-	-	-
Infrastructure - Other		-	-	-	350	-	-	3 995	7 499	-
Infrastructure		15 578	15 457	-	29 867	-	-	15 945	23 361	24 712
Community		1 186	550	-	406	-	-	6 400	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		793	11 069	-	2 971	1 471	1 471	1 455	1 305	1 175
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	50	50	150	170	170
TOTAL CAPITAL EXPENDITURE - Asset class	2	17 557	27 076	-	33 244	1 521	1 521	23 950	24 836	26 057
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	-	62 103	80 568	-	80 568	80 568	92 518	108 381	133 093
Infrastructure - Electricity		-	21 820	22 724	-	22 724	22 724	22 724	22 724	22 724
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	3 995	11 494	11 494
Infrastructure		-	83 923	103 292	-	103 292	103 292	119 237	142 599	167 317
Community		-	-	-	-	-	-	6 400	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	118 887	121 491	-	122 962	122 962	124 417	124 267	125 442
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		250	707	707	-	707	707	707	707	707
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	250	203 517	225 490	-	226 961	226 961	250 762	267 573	293 460
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		-	-	-	679	4 200	4 200	3 642	5 971	6 671
Repairs and Maintenance by Asset Class	3	1 725	1 351	2 506	6 162	4 608	4 608	10 832	7 175	7 677
Infrastructure - Road transport		276	211	447	788	720	720	828	873	934
Infrastructure - Electricity		89	58	445	1 033	180	180	701	865	925
Infrastructure - Water		-	-	-	158	500	500	3 422	703	752
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		15	-	-	-	-	-	-	-	-
Infrastructure		380	279	891	1 978	1 400	1 400	4 950	2 440	2 611
Community		89	58	41	497	10	10	394	434	464
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	1 256	1 014	1 574	3 686	3 198	3 198	5 488	4 301	4 602
TOTAL EXPENDITURE OTHER ITEMS		1 725	1 351	2 506	6 841	8 808	8 808	14 474	13 146	14 348

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until the municipality changes its financial systems to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog.

EC136 Emalahleni (Ec) - Table A10 Basic service delivery measurement									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets									
Water:									
Piped water inside dwelling	-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)	5 000	5 000	-	5 000	5 000	5 000	-	-	-
Using public tap (at least min. service level)	5 000	5 000	-	5 000	5 000	5 000	-	-	-
Other water supply (at least min. service level)	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total	10 000	10 000	-	10 000	10 000	10 000	-	-	-
Using public tap (< min. service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min. service level)	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
Total number of households	10 000	10 000	-	10 000	10 000	10 000	-	-	-
Sanitation/sewage:									
Flush toilet (connected to sewerage)	6 000	6 000	-	7 000	7 000	7 000	7 000	8 000	8 000
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	1 000	1 000	-	1 000	1 000	1 000	1 000	1 000	1 000
PK toilet (ventilated)	6 000	6 000	-	7 000	7 000	7 000	7 000	7 000	7 000
Other toilet provisions (> min. service level)	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total	13 000	13 000	-	15 000	15 000	15 000	15 000	16 000	16 000
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min. service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
Total number of households	13 000	13 000	-	13 000	13 000	13 000	15 000	16 000	16 000
Energy:									
Electricity (at least min. service level)	1 000	1 000	-	2 000	2 000	2 000	2 000	2 000	2 000
Electricity - prepaid (min. service level)	8 000	10 000	-	14 000	14 000	14 000	14 000	17 000	17 000
Minimum Service Level and Above sub-total	9 000	11 000	-	16 000	16 000	16 000	16 000	19 000	19 000
Electricity (< min. service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
Total number of households	9 000	11 000	-	16 000	16 000	16 000	16 000	19 000	19 000
Refuse:									
Removed at least once a week	6 000	6 000	-	7 000	7 000	7 000	7 000	8 000	8 000
Minimum Service Level and Above sub-total	6 000	6 000	-	7 000	7 000	7 000	7 000	8 000	8 000
Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
Using communal refuse dump	-	-	-	-	-	-	-	-	-
Using own refuse dump	-	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
Total number of households	6 000	6 000	-	7 000	7 000	7 000	7 000	8 000	8 000
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	8 000	8 000	-	9 000	9 000	9 000	9 000	10 000	10 000
Sanitation (free minimum level service)	6 000	6 000	-	7 000	7 000	7 000	7 000	8 000	8 000
Electricity/other energy (50kwh per household per month)	8 000	8 000	-	12 000	12 000	12 000	12 000	14 000	14 000
Refuse (removed at least once a week)	6 000	6 000	-	7 000	7 000	7 000	7 000	8 000	8 000
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	152	160	-	180	180	180 000	180	191	192
Sanitation (free sanitation service)	341	359	-	454	454	454 000	454	504	504
Electricity/other energy (50kwh per household per month)	200	230	-	318	318	318 000	318	361	361
Refuse (removed once a week)	311	327	-	410	410	410 000	410	458	458
Total cost of FBS provided (minimum social package)	1 004	1 076	-	1 362	1 362	1 362	1 362	1 514	1 515
Highest level of free service provided									
Property rates (R v above threshold)	15 000	15 000	-	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)	6	6	-	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)	53	56	-	63	63	63	71	67	67
Electricity (kwh per household per month)	50	50	-	50	50	50	50	50	50
Refuse (average litres per week)	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	375	394	-	442	450	450 000	520	550	589
Property rates (other exemptions, reductions and rebates)	-	-	-	-	-	-	-	-	-
Water	152	160	-	180	-	-	800	1 413	1 512
Sanitation	341	359	-	454	200	200 000	2 789	2 967	3 175
Electricity/other energy	200	230	-	318	650	650 000	670	600	710
Refuse	311	327	-	410	40	40 000	42	45	48
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - slip structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	1 379	1 470	-	1 804	1 340	1 340	4 821	5 665	6 033

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Head Councillor of Financial Services/Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2011.

EMALAHLENI MUNICIPALITY

2012/13

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE			
Number	Item description	Due Date	Responsible Person
July 2011			
1	Review the 2011/12 Budget Process	31 AUG	CFO
2	Establish process and timetable for the 2012/13 to 2014/15 Budget Development	26 AUG-	Mayor, CFO, Budget Mgr
August			
3	COUNCIL MEETING: Budget Schedule to be tabled to the Council	31-Aug	MAYOR
4	20010/11 Financial Statements submitted to Auditor-General	31-Aug	CFO
September			
5	EXECUTIVE COMMITTEE MEETING: Executive committee to meet and identify strategies and guidelines for the development of the 2012/13 to 2014/15 Budgets. Committee should adopt the 'Budget Preparation and Financial Guidelines' proposed.	06-Sep	CFO, Budget Mgr
6	EXECUTIVE COMMITTEE MEETING: - review progress and budget assumptions	06-Sep	CFO, Budget Mgr
7	MEETING WITH DEPARTMENTS AND MANAGERS: Departments to be provided with the current Baseline Operating Medium Term Expenditure Forecasts (MTEF) 2012/13 thru 2014/15 that are to be used as a basis for the development of new Operating Medium Term Expenditure	19-Sep	CFO, Budget Mgr
8	Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	30-Sep	Budget Mgr

Number	Item description	Due Date	Responsible Person
October			
9	EXCO / STEERING COMMITTEE MEETING: - review progress and baseline operating budget.	11-Oct	CFO, Budget Mgr
10	Schedule individual meetings with Department to review baseline budget and work progress for completion of changes and supplemental requests	24-Oct	Budget Mgr
11	Review current tariffs, receive requested changes from Departments and prepare options for consideration	28-Oct	Revenue Mgr, Budget Mgr.
12	SUBMISSION OF BASELINE BUDGETS AND SUPPLEMENTAL REQUESTS FROM DEPARTMENTS: Final date for submission of all Baseline Operating Budgets, Capital Budgets and Operational plans by Departments to the budget office.	28-Oct	Departments
November			
13	Draft report on proposed tariff changes for review to Budget Steering Committee delivered to CFO	04-Nov	Revenue Mgr, Budget Mgr.
14	EXCO / STEERING COMMITTEE MEETING: - review progress and proposed tariff report.	08-Nov	CFO, Budget Mgr
15	Prepare first draft of operating and capital medium term budget based on baseline operating budgets submitted by Departments	28-Nov	Budget Mgr
16	Receive audited Financial Statements and Audit report from the Auditor-General for the 2008/09 financial year	30-Nov	Auditor-General
December			
17	EXCO / STEERING COMMITTEE MEETING: - review progress, baseline budget report AND DRAFT TARRIFS.	06-Dec	CFO, Budget Mgr
January 2012			
18	EXCO / STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.	24-Jan-12	CFO, Budget Mgr

19	EXCO COMMITTEE MEETING: PRESENT MIDYEAR PERFORMANCE REPORT TO EXCO COMMITTEE: Final review of 2009/10 operating and capital budget for midyear adjustments to EXCO committee for approval to council.	24-Jan	Municipal Manager
20	SUBMISSION OF CAPITAL BUDGET REQUESTS FROM DEPARTMENTS: Final date for submission of all Capital Budget plans by Departments to the budget office.	24-Jan	All Managers
21	COUNCIL MEETING: Table in a special council meeting the annual report, mid year assessment report, financial statements and audit report	31-Jan	Municipal Manager, Mayor

Number	Item description	Due Date	Responsible Person
February			
22	EXCO / STEERING COMMITTEE MEETING: - review progress and the DRAFT BUDGET.	07-Feb	CFO, Budget Mgr
23	MEETING WITH DIRECTORS AND MANAGERS: Departments to be provided with the SDBIP performance indicators from last year and asked to revise. They should also provide Key service delivery targets in conjunction with the IDP office.	13-Feb	CFO, Budget Mgr
24	COUNCIL MEETING: Table in a special council meeting the adjustments budget for mid-year	27-Feb	Mayor
25	Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	27-Feb	Budget Mgr
March			
26	EXCO / STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.	06-Mar	CFO, Budget Mgr
27	Final Date for Departments to present SDBIP performance indicators and service delivery targets for 2012/13 for review.	12-Mar	Departments
28	EXCO / STEERING COMMITTEE MEETING: final draft operating and capital budget presented to EXCO committee for review	19-Mar	CFO, Budget Mgr
29	COUNCIL MEETING: Council (after consideration of the 2010/11 Annual Report) to adopt an Oversight Report.	30-Mar	MPAC
30	COUNCIL MEETING: Operating and Capital draft budget and IDP tabled to Council for consultation with the community	30-Mar	Mayor, Finance MEC
31	Submit to National Treasury, Provincial Treasury and the MEC responsible for Local Government the Annual Financial Statements, the 2010/11 audit report and any corrective action taken in response to the findings of the audit report.	30-Mar	Legal & Compliance & Corporate Manager
32	Submit draft budgets in required form to NT, Provincial Treasury	30-Mar	Budget Mgr

April			
33	Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	16-Apr	Budget Mgr
34	Departments are to provide a list of Capital Projects to be rolled over for inclusion in the 2012/13 Budget to the budget office and cash balances forward for grant projects.	30-Apr	Departments
May			
35	Hold public meetings and consultations on budget/IDP	7-11 May	Speaker, Strat Manager
36	Final Budgets prepared taking into consideration submissions made during consultation process	14-May	CFO, Budget Mgr
37	MEETING OF EXCO / STEERING COMMITTEE: Approval of FINAL operating and capital budget for presentation to the full council	15-May	CFO, Budget Mgr
38	COUNCIL MEETING: IDP & Budgets for 2010/11 thru 2012/13 adopted by Council along with the Mayor's budget address	30-May	Mayor, Finance MEC
June 2010			
39	The Service Delivery and Budget Implementation Plans (SDBIP) along with the annual performance agreements for the Municipal Manager and all managers directly responsible to the MM (based on the operational plans and IDP) is to be issued to the Mayor by th	18-Jun	Municipal Manager
40	IDP & Annual Budget reports to National, Provincial Treasury and the District municipality.	18-Jun	Budget Mgr
41	EXCO TO APPROVE SDBIP AND PERFORMANCE AGREEMENTS within 14 days after receiving them.	28-Jun	MAYOR

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council. However, the schedule attached is the revised one as from time to time adjusted by council and its programmes.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in March 2011 and again by the new Council in May 2012. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2012/13 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2010/11 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;

- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and

- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2012/13 Financial Year	2012/13 MTREF
1. The provision of quality basic services and infrastructure	1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)
2. Acceleration of higher and shared economic growth and development	2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)
4. Fostering participatory democracy and adherence to Emalahleni Municipality principles through a caring, accessible and accountable service	4. To have a transparent and performance driven organisation (KPA Good governance and public participation)
5. Good governance, Financial viability and institutional governance	5. To implement good financial management (KA Financial management and viability)

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3. To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This

process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC136 Emalahleni (Ec) - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)													
Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
R thousand													
Good Governance & Municipal transformation	Public Participation, Co-Operative governance & Corruption, Youth Development,SPU			1 903	1 909	1 231	2 405	20 791	20 791	2 540	2 686	13	
Financial Viability	Clean Audit & Improved revenue collection			38 150	51 271	58 316	71 712	30 258	30 258	75 415	81 503	91 096	
Local Economic Development	Growth,Jobs,Markets,SMME's,Tourism & Partnerships			5 206	2 163	732	2 252	14 138	14 138	1 743	5 908	10 042	
Service Delivery	Ensure that adequate services are provided			20 152	35 227	42 489	38 641	80 412	60 412	68 957	67 691	70 319	
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and contributions)				1	63 410	91 629	100 767	115 010	125 598	125 598	146 654	157 789	171 470

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC136 Emalahleni (Ec) - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
Good Governance & Municipal Transformation	Public Participation, Co-Operative governance& Corruption, Youth Dev,SPU			17 468	2 214	28 080	29 981	31 398	31 398	34 480	36 594	39 610	
Financial Viability	Clean Audit & Improved revenue collection			3 213	18 993	16 995	15 045	10 332	10 332	12 213	13 275	14 506	
Local Economic Development	Growth,Jobs,Markets,SMME's,Tourism & Partnerships			8 602	5 873	8 199	17 596	14 427	14 427	17 071	15 926	17 349	
Service Delivery	Ensure that adequate services are provided			16 340	15 447	24 781	86 041	57 012	57 012	56 740	58 205	64 369	
Allocations to other priorities													
Total Expenditure				1	45 623	42 526	76 066	148 672	113 169	113 169	120 504	123 999	135 835

MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

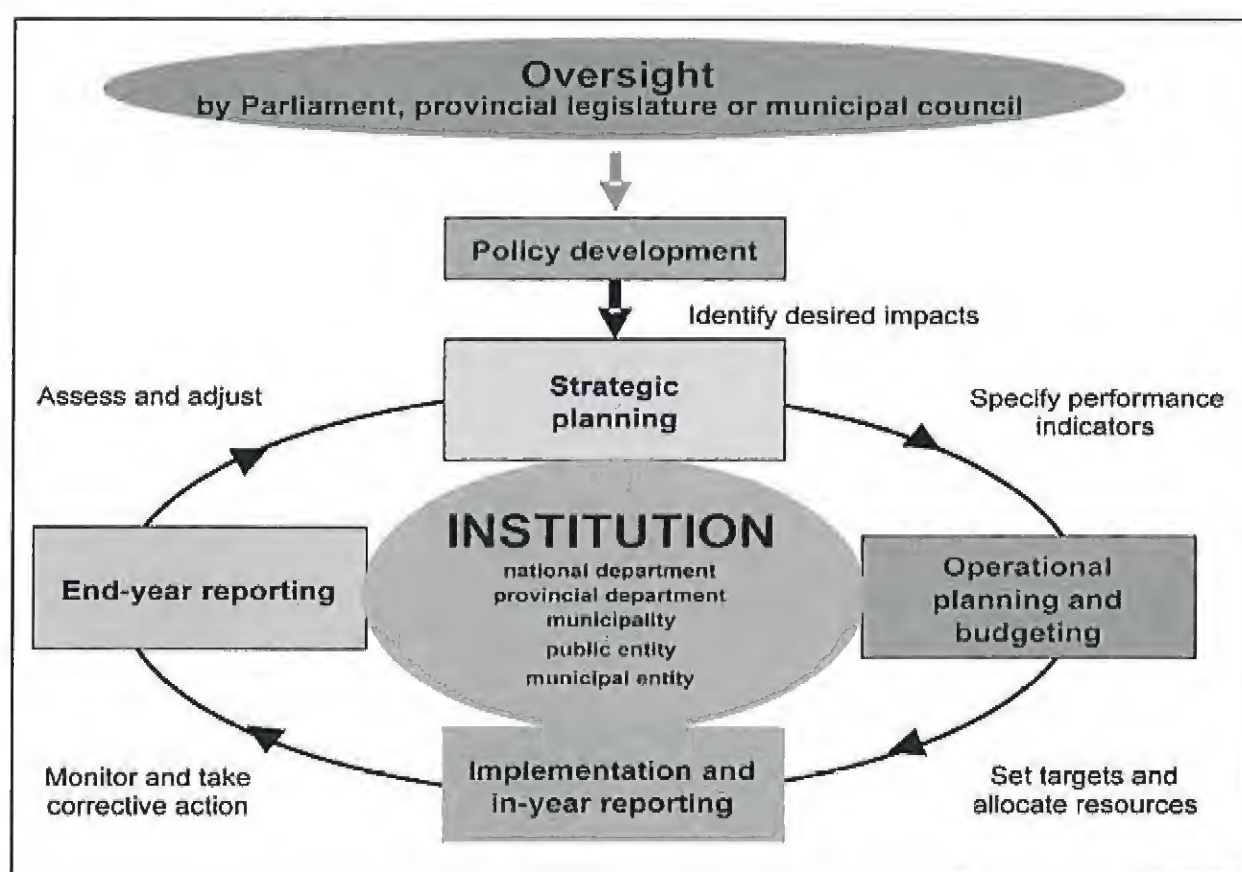
EC136 Emalahleni (Ec) - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Vote 3 - Corporate Services	Monetary value									
Function 1 - Human Resources										
Sub-function 1 - (name)										
Document Control Software		1 000 000								
Clock-In-system		150 000	200 000	200 000						
Special Program Unit		34 000	30 000	30 000	30 000			30 000		
Carports		120 000								
Filing Cabinets		15 000	5 000	5 000	5 000			5 000		
Upgrade of Finance Building		300 000								
Vehicles		517 000	200 000	200 000	200 000			200 000	200 000	
4 Computers (Community Centres)		50 000	50 000	50 000	50 000			50 000	100 000	
Furniture and Office Equipment		500 000	542 104	500 000	500 000			500 000	400 000	
Vote 4 - Budget and Treasury	Monetary value									
Function 1 -										
Sub-function 1 - Financial Services										
Computers		50 000	500 000	200 000	200 000			200 000		
Printers		20 000	20 000							
Back-Up-Generators		1 000 000								
Filing Cabinets		5 000	5 000							
Property Valuations		871 982								
Property Valuations		800 000	500 000	500 000						
Furniture and Office Equipment		38 514	40 247	40 000	40 000			40 000		
CMIP OLD			148 904							
Vote 5 - IPED	Monetary value									
Function 1 - IPED										
Sub-function 1 - (name)										
Central Feedlot		280 000								
Hiking Horsing Trails and Craft Stalls		2 000 000								
Sub-function 2 - (name)										
3 Tourism Resorts-DEA's Capital		4 600 000								
Furniture and Office Equipment		20 000	20 000	20 000	20 000			20 000	20 000	
Neighbourhood Development Grant									10 000 000	
Erection of Hawkers Stalls								1 155 550	4 897 000	
Vote 6 - Community Services	Monetary value									
Function 1 - (name)										
Sub-function 1 - Administration										
Computers		40 000	10 000	10 000	10 000			10 000	11 910	
Child Care Facility		200 000	200 000	200 000	200 000			200 000		
TRC Funds Ukhahlamba		1 345 107								
Furniture and office equipment		20 960	21 903	20 000	20 000			20 000		
Sub-function 2 - Parks and Public Open										
New Sportfield										
Equipment		20 960	21 903	20 000	20 000			20 000		
Sub-function 3 - Cemeteries										
Equipment		20 960	21 903	20 000	20 000			20 000		
EIA, Cemetery Management System,								1 500 000	1 500 000	
Sub-function 4 - Community and Town										
Bengu Hall		495 366	1 532 663.66	373 647	0	0	0	0	0	
Vaalbank Hall		282 268	1 383 983.91	389 353	0	0	0	0	0	
Tyokaville Hall		287 663.33	1 718 376	273 632	0	0	0	0	0	
Ngqanda Hall		286 277	2 011 755	219 903	0	0	0	0	0	
Sub-function 5 - Libraries										
Insert measure's description										
Sub-function 6 - Sportfields										
Equipment		189 776	177 416	150 000	50 000			50 000		
Vehicle and Implements		524 000	547 580	500 000	100 000			100 000		
Renovation of Lady Frere and								3 496 650 000	1 000 000	
New Sportfield					50 000			50 000	50 000	
Sub-function 7 - Resorts										
Extensions		547 580	500 000							
Furniture and Equipment		177 416	150 000	50 000						
Sub-function 8 - Admin Buildings										
Insert measure's description										

Vote 7 - Water and Sanitation	Monetary value							
Function 1 - (name)								
Sub-function 1 - Sanitation								
Office Furniture			50 000	50 000			50 000	
Computers and Printers			50 000	50 000			80 000	
Vehicle- Honey Sucker			500 000	650 000				
Vehicle- Bakkie			250 000	300 000			750 000	
Buildings			200 000	250 000			450 000	
Equipment- Sewer blower			446 500	500 000				
Sewerage Infrastructure				882 335				2 000 000
Sub-function 2 - Water								
Bulk Water Meters	44 211	47 271	49 789				50 000	
Office Furniture		125 000	50 000	50 000				
Computers		125 000						
Motor vehicles -Watercart		2 000 000	450 000					
Motor vehicles- Drop Sider		500 000	400 000	720 157			800 000	
Mobile offices		400 000		250 000			450 000	
Motor Vehicles- exLDVs		1 500 000	250 000	300 000			450 000	
Buildings			200 000?				250 000?	250 000?
Computers and Printers			50 000	50 000			80 000?	50 000
Testing and Drilling			1 500 000					
Now Standpipes				1 000 000			1 000 000	
Sub-function 3 - (name)								
Insert measure/s description								
Function 2 - (name)								
Sub-function 1 - (name)								
Insert measure/s description								
Sub-function 2 - (name)								
Insert measure/s description								
Sub-function 3 - (name)								
Vote 8 - Refuse	Monetary value							
Function 1 - Refuse								
Sub-function 1 - (name)								
Rehabilitation of Refuse Site		400 000	400 000	400 000			2 000 000	
Refuse Vehicle		350 000	1 500 000	350 000			350 000	
Land-Fill Site Establishment m							2 000 000	5 000 000
Vote 9 - Road Transport	Monetary value							
Function 1 -Licencing and Registration								
Sub-function 1 - Licencing and								
Establishment of Traffic Centre							1 500 000	2 000 000
	0	0	0	0	0	0	0	0
Sub-function 2 - Road and Stormwater								
Main road from to Mavuya	328 500	711 019	5 828 194	126 009	0	0	0	0
Main road from Indwe to Indwe Resort	887 143. 55	722 090. 62	4 045 434	0	0	0	0	0
Lady Frere Internal Roads	996 709	2 633 444	3 877 855	829 378	0	0	0	0
Goboshane Bridge	2 872 018	5 008 709	6 437 808	745 688	0	0	0	0
Trust Access Road	1 082 957.15	3 587 850	1 228 688	0	0	0	0	0
main road from DDX to Snakha	617 514. 41	6 477 782	0	0	0	0	0	0
Mdantsane Qwempe	377 009	4 477 009	0	0	0	0	0	0
EPWP			1 239 000	2 439 000				
s and Roadmarks			110 000	110 000			110 000	
Construction of Rwantzane Access							6 510 000	
Construction of Diamini Access Roads with Low							5 000 000	
Sub-function 3 - Technical services								
Computer Software	250 000	10 000	10 000	10 000			10 000	10 000
Vote 10 - Electricity	Monetary value							
Function 1 - (name)								
Sub-function 1 - Streetlights								
Tools and Equipment	200 000	200 000	200 000	200 000			200 000	
Streetlights (Lady Frere)		400 000	400 000	400 000			400 000	
Sub-function 2 - Electricity trading								
Vehicle and Implements	200 000	200 000	200 000	200 000			200 000	
Lady Frere 9			5 000 000	5 000 000			7 000 000	5 000 000
Electrification of 235 Unithin Mputula							4 000 000	
Sub-function 3 - (name)								
Insert measure/s description								

1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA7 - Measurable performance objectives

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

MBRR Table SA8 - Performance indicators and benchmarks

EC136 Emalahleni (Ec) - Supporting Table SA8 Performance Indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.5%	0.3%	0.2%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	11.9%	0.7%	0.9%	0.0%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.4	2.6	2.7	—	3.3	3.3	3.3	3.3	4.0	4.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.4	2.6	2.7	—	3.3	3.3	3.3	3.3	4.0	4.7
Liquidity Ratio	Monetary Assets/Current Liabilities	1.4	1.3	0.6	—	0.6	0.6	0.6	0.7	0.9	1.2
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		41.8%	86.2%	-18.7%	46.7%	70.5%	70.5%	70.5%	83.6%	73.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other Outstanding Debtors to Revenue			42.7%	86.2%	-18.7%	46.7%	70.5%	70.5%	70.5%	83.6%	73.9%
Longstanding Debtors Recovered	Total Outstanding Debtors to Annual Revenue Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	67.0%	55.7%	57.9%	0.0%	59.6%	59.6%	59.8%	57.8%	61.8%	62.1%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		7.1%	6.2%	22.8%	0.0%	27.5%	27.5%	27.5%	24.6%	20.6%	18.0%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.2%	5.0%	27.1%	34.3%	26.3%	26.3%	26.3%	26.2%	27.6%	27.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	41.7%	16.9%	33.8%	48.8%	33.0%	33.0%		33.9%	35.3%	34.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.2%	2.1%	2.5%	5.4%	4.0%	4.0%		9.0%	5.7%	5.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	2.7%	0.1%	0.0%	0.6%	3.9%	3.9%	3.9%	3.1%	4.8%	4.9%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.7	4.2	5.4	7.8	7.8	7.8	15.4	29.5	23.4	25.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	484.6%	388.9%	629.8%	0.0%	350.4%	350.4%	350.4%	457.0%	509.1%	524.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	18.4	14.7	3.7	5.4	2.6	2.6	2.6	2.8	3.5	4.0

1.10.1 Performance indicators and benchmarks

1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emalahleni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.1 per cent throughout the MTREF period. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum..
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has bought vehicles on hire purchase and will pay instalments monthly for a five year period.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is well below the norm, indicating a strong financial position.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. h.

1.10.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of more than 2 which is a general benchmark, hence at no point in time should this ratio be less than 2. For the 2012/13 MTREF the current ratio is 3.3, and 4 and 4.7 respectively for the two outer years of the MTREF. Going forward it will be good financial practices if these levels can be maintained.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2010/11 financial year the ratio was 0.6 and as part of the financial planning strategy it has been increased to 0.7 in the 2012/13 and has increased to 1.2 in 2014/15 financial year.

1.10.1.4 Revenue Management

- As part of the financial sustainability, an aggressive revenue management framework should be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the framework should be to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. The collection rates in this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 15 per cent and should increase if the municipality wants to be financial as a going concern. A conservative approach in order to cater for the current negative economic climate.

1.10.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.10.1.6 Other Indicators

- The municipality needs to know what causes high electricity losses. The municipality has then to develop a mechanism to determine what is an acceptable distribution loss and what should be contributed to theft.
- Employee costs as a percentage of operating revenue is fairly constant over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

1.10.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the MTREF 1903 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, free sanitation and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

1.11 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

There will be a policy review workshop during the month of June 2012 so as to make sure all users of it understand it. The following is a broad framework of all the policies the council have:

1.11.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council annually is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 15 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

1.11.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The

Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.11.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.11.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

1.11.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

1.11.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.11.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on at main municipal building, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.12 Overview of budget assumptions

1.12.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2013 will be minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.12.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

1.12.3 Credit rating outlook

The Municipality did not perform a credit rating outlook.

1.12.4 Interest rates for borrowing and investment of funds

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

1.12.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (15 per cent) of annual billings. Cash flow is assumed to be 15 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.12.6 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.12.7 Salary increases

There is no collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 58 of National Treasury was used to budget accordingly.

1.12.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.12.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

1.13 Overview of budget funding

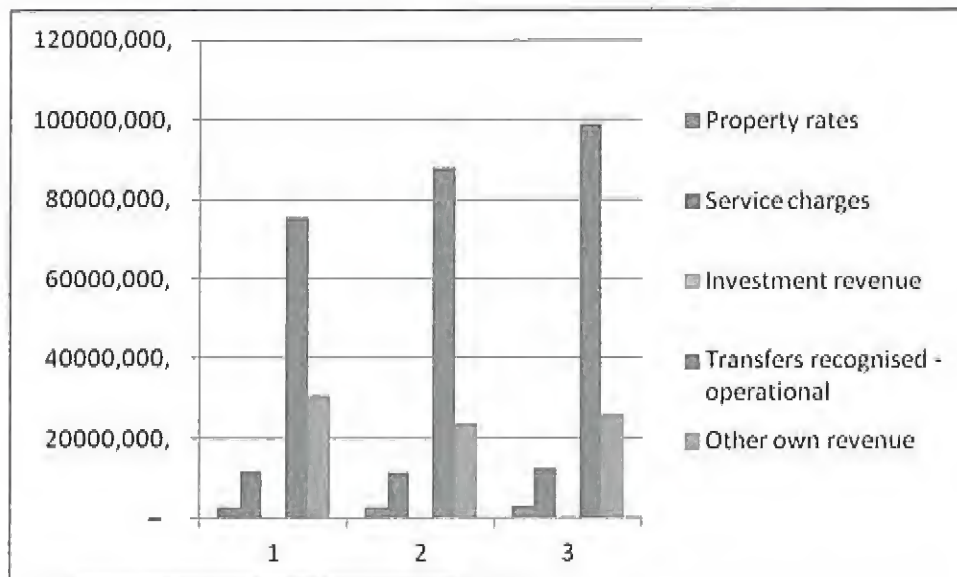
1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	1 961	3 065	1 772	5 096	2 473	2 473	2 473	2 680	2 800	3 060
Service charges	5 038	5 686	6 899	13 024	15 150	15 150	15 150	11 653	11 527	12 583
Investment revenue	3 910	2 387	1 830	2 592	1 265	1 265	1 265	14	14	15
Transfers recognised - operational	41 159	46 465	87 337	65 429	69 814	69 814	69 814	75 541	87 875	98 757
Other own revenue	2 251	6 570	3 544	28 870	19 655	19 655	19 655	30 622	23 754	25 847
Total Revenue (excluding capital transfers and contributions)	54 319	64 174	101 382	115 010	108 357	108 357	108 357	120 508	126 030	140 263

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year.

Breakdown of operating revenue over the 2012/13 MTREF



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.